

"Affiliate" means, with respect to any Person, any other Person who is directly or indirectly controlling, controlled by or under common control with such Person. For the purposes of this definition, the term **"control,"** when used with respect to any Person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities, by contract or otherwise. Notwithstanding anything herein to the contrary, the Manager (as defined in the Interim Management Agreement and UK Interim Management Agreement) will not be deemed to be an Affiliate of the Sellers or any of their subsidiaries.

"Affiliated Group" has the meaning set forth in Section 6.16.

"Agreed Loan" means the loan agreement in the form annexed hereto as Exhibit B to be entered into by Teleglobe and the UK Newco, under which Teleglobe will loan to the UK Newco an amount equal to the amount of the Hive Down Receivable.

"Agreement" has the meaning set forth in the introductory paragraph hereof.

"Arbitrator" has the meaning set forth in Section 5.2.5.

"Assignment and Assumption Agreements" has the meaning set forth in Section 5.2.2.

"Assumed Liabilities" means the following liabilities and obligations of Sellers (or Newcos or Acquired Entities):

- (a) all liabilities and obligations (excluding any Taxes) of Sellers (or Newcos or Acquired Entities) arising under the terms of, (i) those Contracts assumed (directly or indirectly through the acquisition of a Newco or the Equity Interests of an Acquired Entity) by Buyer or its Affiliates pursuant to the terms of this Agreement and (ii) those Contracts executed or entered into by the Manager (as defined in the Interim Management Agreement) on behalf of the Sellers (or Newcos or Acquired Entities) on or after the IMA Date;
- (b) the liabilities and obligations of the Sellers (or Newcos or Acquired Entities) as of the Closing Date that relate to the Core Business, which had they existed as of the date of the IMA Date Financial Statement, would have been included therein pursuant to the Baseline Financial Statement Methodology;
- (c) all liabilities and obligations of Sellers (or Newcos or Acquired Entities) in respect of the Canadian Pension Plans, to the extent assumed by Buyer pursuant to subsection (j) of the definition of "Purchased Assets" in Section 1.1; and
- (d) all liabilities that may arise from the actions taken by Buyer or any Affiliate thereof after the Closing with respect to the Transferred Employees and the UK Employees.

"Australian Assets" means the Purchased Assets held as of the IMA Date in the name of any Seller (or Newco) organized under the laws of the Commonwealth of Australia.

"Australian Employees" means those Employees employed by a Seller in Australia as listed in a letter delivered by the Key Sellers to Buyer on the date hereof (the "Employee Letter").

"Bankruptcy Courts" means collectively, the CCAA Court, the US Bankruptcy Court and the UK Court, together with any courts to which appeals (up to and including any courts of last resort in any relevant jurisdiction) may be taken from such courts, and **"Bankruptcy Court"** shall mean any one of such Bankruptcy Courts.

"Bankruptcy Court Orders" means the CCAA Court Sale Approval Order, the US Bankruptcy Court Sale Approval Order and any other order of the Bankruptcy Courts (other than the UK Court) providing for the assumption and assignment of Contracts (other than Rejected Contracts) in accordance with this Agreement.

"Bankruptcy Laws" means the CCAA, the BIA, the US Bankruptcy Code and the United States Federal Rules of Bankruptcy Procedure, as amended, the Insolvency Act and the local rules of any of the Bankruptcy Courts.

"Bankruptcy Pleadings" means all pleadings filed with any Bankruptcy Court by any Seller or any other Person relating to this Agreement.

"Bar Date" means the date or dates set by the Bankruptcy Courts fixing a deadline for all parties to file proofs of claim against and proofs of interests in one or more of the Canadian Debtor Sellers or U.S Debtor Sellers.

"Baseline Financial Statement" means the financial statement attached hereto as **Schedule 1.1L**.

"Baseline Financial Statement Methodology" means the methodologies and accounting principles used in preparing the Baseline Financial Statement.

"BCE" means BCE Inc., a Canadian corporation, and its successors.

"Bell Canada" means Bell Canada and BCE Nexxia Inc., and their respective successors.

"Bell Canada Contracts" means collectively, (i) the Master Wholesale Pricing and Services Coordinating Agreement, dated as of January 1, 2001, among Telelobe, Bell Canada and BCE Nexxia Inc.; (ii) the Canada Direct Agreement, dated as of January 1, 1999, among Telelobe, Bell Canada, Island Telecom, Inc., Maritime Tel & Tel Limited, MTS Communications, Inc., NB Tel Inc., Newtel Communications Inc. and Saskatchewan Telecommunications; (iii) the Interconnection and Operating Agreement, dated as of January 1, 1999, among Telelobe, Bell Canada, Island Telecom, Inc., Maritime Tel & Tel Limited, MTS Communications, Inc., NB Tel Inc., Newtel Communications Inc. and Saskatchewan

Telecommunication; and (iv) the Amending Agreement, dated as of June 1, 2000, among Telelobe, Bell Canada and BCE Nexxia Inc.

"BIA" means the Bankruptcy and Insolvency Act (Canada).

"Bidding Procedures Orders" means, collectively, the June 4, 2002 order by the CCAA Court as entered on June 7, 2002 approving the bid process, including the break up fee, for the sale of the Core Business, the further order of July 29, 2002 approving certain expense reimbursements and the June 24, 2002 order by the US Bankruptcy Court approving the bid process for the sale of the Core Business, as such order or orders may be amended or modified (to the extent such amendments or modifications are approved by Buyer).

"Bills of Sale" has the meaning set forth in Section 5.2.3.

"Bonus Plans" has the meaning set forth in Section 8.14.

"Breach Notice" has the meaning set forth in Article XII.

"Breaching Party" has the meaning set forth in Section 5.2.5.

"Breakup Fee" has the meaning set forth in Section 11.3.1.

"Bring Down Financial Statement" means a financial statement reflecting a bring-down of the Baseline Financial Statement to the relevant date and prepared in accordance with the Baseline Financial Statement Methodology.

"Business Day" means any day except a Saturday, Sunday or other day on which commercial banks in Toronto or New York are required or authorized by law to close.

"Buyer" has the meaning set forth in the introductory paragraph hereto.

"Canadian Company Plan" means all Canadian retirement, pension, supplemental pension, savings, retirement savings, bonus, profit sharing, stock purchase, stock option, phantom stock, share appreciation rights, deferred compensation, severance or termination pay, change of control insurance, medical, hospital, dental care, vision care, drug, sick leave, short term or long term disability, salary continuation, unemployment benefits, vacation, incentive, compensation or other employee benefit plan, program, arrangement, policy or practice whether written or oral, formal or informal, funded or unfunded, registered or unregistered, insured or self-insured that is maintained or otherwise contributed to, or required to be contributed to, by or on behalf of the Sellers organized under the laws of Canada (or any province thereof) for the benefit of current or former employees, directors, officers, independent contractors or agents of the Sellers organized under the laws of Canada (or any province thereof) (or Newcos formed by the Sellers organized under the laws of Canada (or any province thereof)) in connection with the Core Business.

"Canadian Debtor Sellers" has the meaning set forth in Recital F hereto.

"Canadian Pension Plans" means all Canadian Company Plans that are registered and non-registered pension plans covering the Transferred Employees who are or were employed by the Canadian Debtor Sellers organized under the Laws of Canada or any province thereof.

"Canadian Transaction Notice" has the meaning set forth in Section 8.4.1.

"Capitalization" means the issue by UK Newco to Teleglobe of fully paid-up £1.00 ordinary shares in UK Newco in full and final settlement of all sums due to Teleglobe under the Agreed Loan, in accordance with Section 5.2.4.2.

"CCAA" has the meaning set forth in Recital F hereto.

"CCAA Court" has the meaning set forth in Recital F hereto.

"CCAA Court Sale Approval Order" has the meaning set forth in Section 8.4.2.1.

"CCAA Proceedings" has the meaning set forth in Recital F hereto.

"Closing" means the consummation of the purchase and sale of the Purchased Assets contemplated by Section 2.1.

"Closing Date" has the meaning set forth in Section 5.1.

"Closing Payment Amount" has the meaning set forth in Section 5.2.3.

"Closing Statement" has the meaning set forth in Section 4.4.1.

"COBRA" means Section 4980B of the Code and Part 6 of Subtitle B of Title 1 of ERISA.

"Code" means the United States Internal Revenue Code of 1986, as amended, and the rules and regulations promulgated thereunder.

"Collective Agreement" means a collective bargaining agreement, as amended, relating to the Core Business and binding on Sellers or any of them as of the Closing.

"Commissioner of Competition" means the Commissioner of Competition as appointed under the Competition Act.

"Company Intellectual Property" means the intellectual property (a) owned by a Seller (or Newcos or Acquired Entities) as of the Closing and listed on Schedule 6.7.1, (b) physically located at the Owned Real Property or Leased Real Property, or (c) used by Teleglobe or any subsidiary of Teleglobe in connection with the Core Business, other than, in the case of this clause (c), any such intellectual property that constitutes an Excluded Asset.

"Company Plan" means and includes any Canadian Company Plan, US Company Plan or any other similar plan or retirement scheme maintained by Sellers for the benefit of Transferred Employees (including the UK Employees).

"*Competing Transaction*" has the meaning set forth in Section 11.3.1.

"*Competition Act*" means the *Competition Act* R.S.C. 1985 c. C-34, as amended.

"*Complaints*" has the meaning set forth in Section 6.18.2.

"*Confidentiality Agreements*" means the letters, dated June 24 and July 9, 2002, between Teloglobe and TenX Capital Partners L.P. and the letter, dated July 24, 2002, between Teloglobe and Cerberus Capital Management, L.P.

"*Consent*" means any consent, waiver, approval, order or authorization of, or registration, declaration or filing with or notice to, any Governmental Entity or other Person.

"*Contracts*" means all right, title and interest of any Seller (or a Newco or Acquired Entity) (including as transferee in connection with the Migration Transactions) in and to any lien, lease, franchise, license, permit, contract, agreement, obligation or trust related to the Core Business, other than any such lien, lease, franchise, license, permit, contract, agreement, obligation or trust that (a) constitutes an Excluded Asset, (b) relates to any Seller's indebtedness for borrowed money, or (c) that expires or is terminated (i) in accordance with (A) this Agreement, (B) the Interim Management Agreement or UK Interim Management Agreement, or (C) the terms thereof or (ii) as a result of actions of parties thereto (other than any Seller), in any case prior to the Closing Date. Without limiting the generality of the foregoing, the Contracts shall include without limitation all right, title and interest of any Seller (or a Newco or Acquired Entity) in, to and under all of the following items relating to the Core Business (except to the extent expired or terminated in accordance with this Agreement or the Interim Management Agreement or UK Interim Management Agreement or in accordance with the terms thereof or validly terminated as a result of actions of parties thereto (other than any Seller, Newco or Acquired Entities), in any case prior to the Closing Date):

- (a) voice customer agreements or arrangements, including the bilateral interconnection agreements, bilateral traffic arrangements and other agreements listed on Schedule 1.1A;
- (b) voice customer agreements or arrangements, including voice transit service agreements, telecommunications services agreements, call termination agreements, carrier services agreements, master wholesale agreements, Audiotext services agreements, switched transit services agreements, letter agreements and other contractual arrangements with customers listed on Schedule 1.1B;
- (c) data customer agreements or arrangements, including asynchronous transfer mode ("ATM") service agreements, collocation service agreements, IP service agreements, digital video broadcast/IP ("DVB/IP") satellite service agreements, dedicated broadcast service agreements and digital video service agreements listed on Schedule 1.1C-1 or Schedule 1.1C-2,

- (d) agreements or arrangements with equipment vendors and other key suppliers listed on Schedule 1.1D;
- (e) the capacity agreements, universal access agreements, construction and maintenance agreements, agreements for indefeasible rights of use (IRUs) and related operations and maintenance agreements, and similar agreements listed on Schedule 1.1E;
- (f) leases for satellite capacity listed on Schedule 1.1F;
- (g) leases, subleases and licenses (including collocation leases and licenses, and leases for points of presence) for real property and collocation and other similar agreements listed on Schedule 1.1G;
- (h) any sales agent and consulting agreements listed on Schedule 1.1H;
- (i) the Intellectual Property licenses listed on Schedule 6.7.1;
- (j) the agreements and arrangements listed on Schedule 1.1I; and
- (k) leases of tangible personal property listed on Schedule 6.5.

in each case to the extent transferable. With respect to any Contract that is not listed on Schedules 1.1A, 1.1B, 1.1C-1, 1.1C-2, 1.1D, 1.1E, 1.1F, 1.1G, 1.1H, 1.1I, 1.1K, 6.5 or 6.7.1 (collectively, the "**Contract Schedules**"), (i) no liability or obligation in respect of such Contract in effect as of the date of this Agreement will be included in any calculation of Net Current Assets under this Agreement, (ii) Sellers will not, notwithstanding any provision of this Agreement to the contrary, make any representation or warranty with respect to such Contract (including with respect to its assignability, validity, enforceability, good standing and the like), and (iii) Sellers' obligations under this Agreement with respect to such Contract will be merely to execute a "without recourse" assignment of Sellers' right, title and interest therein, and to deliver such assignment to Buyer at the Closing if not designated by Buyer as a Rejected Contract pursuant to Section 4.4.4.

"**Contract Schedules**" has the meaning set forth in the definition of "Contracts" in Section 1.1 hereof.

"**control**" has the meaning set forth in the definition of "Affiliate" in Section 1.1 hereof.

"**Core Business**" has the meaning set forth in Recital B hereto.

"**Cure Contracts**" means any Contract listed on Schedule 1.1K the Cure Costs for which have not been settled and paid by the date hereof.

"**Cure Costs**" means amounts owing under Contracts that relate to obligations of the US Debtor Sellers under such Contracts arising prior to the filing of the US Bankruptcy Proceedings or of the Canadian Debtor Sellers (other than the US Debtor Sellers) under Contracts arising

prior to the filing of the CCAA Proceedings, but excluding any such amounts paid or payable as of the date hereof under settlements with respect to Cure Costs entered into on or prior to the date hereof

"Cure Letter" means the letter referred to in the definition of Target Maximum Cure Amount.

"Cure Savings" means the difference between (i) the Target Maximum Cure Amount and (ii) the sum of actual amounts paid or payable by Buyer in order to satisfy any Cure Costs (through settlement at an amount less than the Target Maximum Cure Amount) for the Cure Contracts, determined on an aggregate basis; provided, however, that in the event a Cure Contract is rejected pursuant to Section 4.4.4, the "amount paid or payable by Buyer" shall be deemed to be zero; and provided further, however, that if no such settlement is achieved with respect to a Cure Contract and the Cure Contract is not rejected pursuant to Section 4.4.4, the "amount paid or payable by Buyer" for such Cure Contract will equal the amount set forth in the Cure Letter with respect to such Cure Contract.

"Cure Savings Dispute Notice" has the meaning set forth in Section 4.4.3.2

"Cure Savings Negotiation Period" has the meaning set forth in Section 4.4.3.2.

"Cure Savings Notice Period" has the meaning set forth in Section 4.4.3.2

"Cure Savings Statement" has the meaning set forth in Section 4.4.3.2.

"Current Assets" means items that, pursuant to the Baseline Financial Statement Methodology, would be included as accounts receivable (net of allowance for doubtful accounts), accounts receivable related party (other than accounts receivable where the obligor is Teleglobe or any direct or indirect subsidiary thereof), accounts receivable other, prepaids and other current assets (as such terms are used in the Baseline Financial Statement Methodology).

"Current Liabilities" means items that, pursuant to the Baseline Financial Statement Methodology, would be included as accounts payable, accounts payable related party, accrued liabilities and other current liabilities (as such terms are used in the Baseline Financial Statement Methodology) (other than accounts payable owing to, and such liabilities to, Teleglobe or any direct or indirect subsidiary thereof).

"DA Dispute Notice" has the meaning set forth in Section 5.2.5.

"DA Negotiation Period " has the meaning set forth in Section 5.2.5.

"Debenture" means the fixed and floating charge to be entered into on the IMA Date by UK Newco, TIUK and the UK Administrators in the form attached hereto as Exhibit C.

"Deed of Release" means the deed of release of the Debenture to be entered into by UK Newco, TIUK and the UK Administrators in the form attached hereto as Exhibit N.

and securities which are directly or indirectly convertible into or exercisable or exchangeable for any of such Person's Equity Interests.

"Escrow Agent" means JPMorgan Chase Bank in its capacity as escrow agent under the Escrow Agreement (or any successor escrow agent thereunder)

"Escrow Agreement" means an escrow agreement by and among Sellers, Buyer and Escrow Agent, executed and delivered contemporaneous with the execution of this Agreement in the form of Exhibit D hereto

"Excluded Assets" means (a) cash and cash equivalents, (b) accounts receivable (other than accounts receivable included in Current Assets pursuant to the Baseline Financial Statement Methodology), (c) insurance policies insuring the Core Business or the Purchased Assets (or businesses that are not included in the Core Business or assets that do not constitute Purchased Assets); provided that there shall be included in the Purchased Assets any insurance proceeds payable related to a claim made by any Seller to the extent (i) relating to any Purchased Asset, if the claim arose on or after the date hereof, (ii) relating to the Core Business to the extent the claim arises on or after the IMA Date or, to the extent such proceeds arise from business interruption insurance and are included in Net Current Assets, prior to the IMA Date, (d) any Tax refunds, or entitlement (contingent or otherwise) to receive Tax refunds, relating to periods prior to the IMA Date (to the extent not included in Net Current Assets) or with respect to Transfer Taxes paid or required to be paid pursuant to Section 13.4, (e) Sellers' corporate seals, minute books, charter documents, Tax Returns and reports, corporate stock record books and other books and records pertaining to organization, existence or share capitalization and such books and records as are necessary to enable any Seller to file its Tax Returns and reports and to defend any assessment for Taxes for any taxation year, (f) any Rejected Contracts, and (g) any assets listed or described on Schedule 1.1J.

"Expense Cap" has the meaning set forth in Section 11.3.2.

"Expense Reimbursement" has the meaning set forth in Section 11.3.2.

"Final Determination" has the meaning set forth in Section 8.11.7.

"Final Order" means an order or a judgment entered by a Bankruptcy Court (i) that has not been reversed, stayed, modified, amended or vacated, and (ii) as to which the time for filing a notice of appeal, a petition for review or a motion for reargument or rehearing has expired.

"Final Purchase Price" has the meaning set forth in Section 4.4.2.

"Former UK Employees" means any persons other than the UK Employees who are, or have been at any time prior to the Closing Date, been engaged to any extent in the Core Business in the UK.

"Governmental Entity" means any Canadian, United States, United Kingdom, Australian, Spanish, Hong Kong or other national, provincial, federal, state, local or municipal

government, court, administrative agency or commission or other governmental or other regulatory authority or agency.

"Grants" has the meaning set forth in Section 10.2.4(c).

"Hive Down Agreement" means an agreement dated as of the date of this Agreement between Teleglobe International (UK) Limited (in Administration) ("**TIUK**"), Teleglobe Holdings (UK) Limited (in Administration) ("**THUK**"), the UK Administrators, UK Newco and Buyer whereby the assets of TIUK and THUK will be transferred to UK Newco, in substantially the form of Exhibit F.

"Hive Down Receivable" means the amount of \$8,416,790 to be owed by the UK Newco to TIUK pursuant to Section 2.1 of the Hive Down Agreement.

"HK Seller" means Teleglobe Hong Kong Limited.

"HKTB0" means the Transfer of Business (Protection of Creditors) Ordinance, Chapter 49 of the Laws of Hong Kong

"Hong Kong Notice Date" means the date on which the notice of transfer given pursuant to Section 3.4 becomes complete under Section 4(4) of the HKTB0 subject to any matter referred to in Sections 4(5) and 4(6) thereof.

"HSR Act" means the United States *Hart-Scott-Rodino Antitrust Improvements Act of 1976*, as amended.

"HSR Filings" means any filings required under the HSR Act.

"Industry Canada" means the Canadian Minister of Industry and the Department of Industry in the exercise of the Minister's authority.

"IMA Date" has the meaning set forth in Section 4.3.

"IMA Date Financial Statement" has the meaning set forth in Section 4.4.1.

"Incremental Costs" means all costs (other than Taxes) incurred or payable in respect of the Transfer of Purchased Assets in excess of the costs (other than Taxes) that would have been incurred or payable had Buyer acquired such Purchased Assets in accordance with the provisions of Section 2.1.1 and the second sentence of Section 2.1.2, calculated on the assumption that Buyer directed each Seller to form only one Newco in the jurisdiction in which the particular Seller was organized, or with respect to any Canadian Debtor Seller organized under the laws of Canada or any province thereof, in Nova Scotia.

"Incremental Taxes" means all Taxes incurred or payable in respect of the Transfer of Purchased Assets in excess of the Taxes that would have been incurred or payable had Buyer acquired such Purchased Assets in accordance with the provisions of Section 2.1.1 and the second sentence of Section 2.1.2, calculated on the assumption that Buyer directed each Seller to

form only one Newco in the jurisdiction in which the particular Seller was organized or with respect to any Canadian Debtor Seller organized under the laws of Canada or any province thereof, in Nova Scotia

"Insolvency Act" has the meaning set forth in Recital F hereto.

"Insolvency Proceedings" has the meaning set forth in Recital F hereto.

"Intellectual Property" means trade secrets, trademarks, trade names, corporate names, Internet domain names, brand names, logos and slogans and other marks or trade rights, and patents, copyrights (including copyright rights in artwork, packaging and designs), patterns, inventions, know-how, formulae, treatments, processes, computer software (including source code, executable code, data, databases and documentations) and all other intellectual property or proprietary rights, whether registered or unregistered, domestic or foreign, all applications thereof, and all rights under and remedies against infringement of any of the foregoing.

"Interim Management Agreement" means a management, general and administrative services and accounts receivable collection agreement, to be entered into on the IMA Date, by and among Buyer and Sellers (other than the UK Sellers) in the form of Exhibit F, with such modifications thereto as Buyer and such Sellers may agree and as are consistent with the Sale Approval Orders.

"Investment Canada Act" means the *Investment Canada Act*, R.S.C. 1985, c. 28 (1st Supp.), as amended.

"ITA" means the *Income Tax Act* (Canada)

"Key Sellers" has the meaning set forth in the introductory paragraph hereof.

"Knowledge" has the meaning set forth in Section 13.9.

"Laws" means all applicable laws, regulations, rules, ordinances, judgments, orders and decrees of Governmental Entities.

"Leases of Owned Real Property" means the real property owned by a Seller (or a Newco or Acquired Entity) and subject to a lease listed on Schedule 1.1G.

"Leased Real Property" means the real property leased or licensed by a Seller (or a Newco or Acquired Entity) as tenant pursuant to a lease listed on Schedule 1.1G.

"Leased Tangible Personal Property" means the leased tangible personal property leased by a Seller (or a Newco or Acquired Entity) pursuant to a lease listed on Schedule 6.3.

"Lien" means, with respect to any property or asset, (a) any mortgage, deed of trust, claim, lien, pledge, hypothecation, encumbrance, charge or security interest in, on or of such asset, (b) the interest of a vendor or a lessor under any conditional sale agreement, capital lease or title retention agreement (or any financing lease having substantially the same economic effect

as any of the foregoing) relating to such asset or property and (c) in the case of securities, any purchase option, call or similar right of a third party with respect to such securities.

"Losses" has the meaning set forth in Article XII.

"Management Fee" means the amount to be paid to Buyer as its management fee pursuant to the Interim Management Agreement or the UK Interim Management Agreement, as the case may be.

"Manager" means Buyer, in its capacity as Manager under the Interim Management Agreement and the UK Interim Management Agreement (or any Affiliate appointed by Buyer as its successor Manager under each such agreement).

"Material Adverse Effect" means a material adverse effect on (a) the operations, condition (financial or otherwise), operating results, employee relations with respect to the Core Business (except to the extent caused by Buyer's failure to offer to all or substantially all of the present employees with respect to the Core Business the right to continue such employment with Buyer on substantially similar terms and conditions), customer relations with respect to the Core Business (except to the extent resulting from Buyer declining to, or indicating it will not, continue doing business, or not continuing to do business, with such customer after the IMA Date in a manner and on terms similar to that in existence prior to the IMA Date), supplier relations with respect to the Core Business (except to the extent resulting directly from delays in the payment of amounts owing to suppliers of the Core Business directly as a result of the commencement and pendency of the Insolvency Proceedings or the exercise of Sellers' rights in respect thereto or as a result of Buyer declining to, or indicating it will not, continue doing business with such supplier after the IMA Date in a manner and on terms similar to that in existence prior to the IMA Date), or the Purchased Assets, in each case, taken as a whole, (b) the ability of Buyer or Newco to succeed to or exercise material rights or interests of Sellers that are necessary to operate the Core Business taken as a whole, (c) the ability of Sellers to consummate the material transactions contemplated by this Agreement, other than (i) effects arising from events that occur after the IMA Date, except to the extent such effect is the direct result of an action taken by the Persons listed on Schedule 11.1.3(e) or of the prevention by Sellers of any action requested to be taken by the Manager pursuant to the Interim Management Agreement or the UK Interim Management Agreement in accordance with the exercise of its duties thereunder, (ii) effects as a result of events, changes or developments relating to the financial, banking or capital markets or the economy in general or industry wide developments affecting Persons in businesses similar to the Core Business, or (iii) effects as a result of the commencement and pendency of the Insolvency Proceedings or the circumstances leading thereto, provided that the occurrence of the Migration Transactions described on Schedule 6.19 will not be deemed to constitute a Material Adverse Effect.

"Material Contracts" means (a) the Contracts listed on the Contract Schedules that are marked thereon with an asterisk (*) and (b) Contracts (or a series of related Contracts) (i) that relate to the top 50 data customers in the Core Business, provided that such contracts have annualized gross revenues of at least \$500,000 (based on information available through July 31, 2002), (ii) with customers for voice telecommunications services with annualized gross revenues

of the Core Business of at least \$3,000,000 (based on information available through July 31, 2002) or (iii) with vendors with committed expenditures during 2002 or expected expenditures during the 12 months after the date hereof of \$1,000,000 or more.

"Maximum HK Asset Value" means an amount equal to two times (2x) the fair market value of the Purchased Assets, as determined by Buyer in its good faith judgment, held in the name of the HK Seller

"Migration Transactions" has the meaning set forth in Recital E.

"Monitor" means Ernst & Young Inc.

"Multiemployer Plan" has the meaning set forth in Section 3(37) of ERISA.

"Negotiation Period" has the meaning set forth in Section 4.4.1.

"Net Current Assets" means (i) Current Assets minus (ii) Current Liabilities.

"Network Plan" has the meaning set forth in Section 6.8(b).

"Newcos" has the meaning set forth in Section 2.1.1.

"Newcos' Equity" has the meaning set forth in Section 2.1.1.

"Non-Canadian" has the meaning set forth in Section 6.13.

"Notice" has the meaning set forth in Section 2.1.5.1.

"Other Sellers" means the entities listed on Schedule 1.1P.

"Owned Real Property" means the real property owned by a Seller (or a Newco or Acquired Entity) and used in the Core Business, including the real property listed on Schedule 6.4.1, save and except for any such property that constitutes Excluded Assets.

"Owned Tangible Personal Property" means the tangible personal property owned by a Seller on the date hereof and located in Canada, Hong Kong, Spain or Australia (except to the extent disposed of in accordance with this Agreement or the Interim Management Agreement prior to the Closing Date), and any other tangible personal property owned by Sellers (or a Newco or Acquired Entity) as of the Closing (including in the United States or the United Kingdom) and located on the Owned Real Property or the Leased Real Property as of the Closing, save and except, in the case of each of the foregoing, for any such property that constitutes Excluded Assets

"parent" has the meaning set forth in the definition of "subsidiary" in Section 1.1 hereof.

"Parties" means the signatories to this Agreement.

"Permit" means all licenses, permits and authorizations issued to a Seller (or a Newco or Acquired Entity) by any Governmental Entity in connection with the conduct of the Core Business or the ownership or use of any of the Purchased Assets, including, without limitation, the Telecommunications Operating Authorities, Radio Communication Licenses, Submarine Cable Landing Licenses, and any other right or authorization held by a Seller (or a Newco or Acquired Entity), granted or recognized by a Governmental Entity in any jurisdiction and required for the provision or delivery of telecommunications services in or to such jurisdiction, in connection with the Core Business as contemplated to be conducted under the Network Plan.

"Permitted Liens" means:

- (a) Liens listed or described on Schedule 1.1M;
- (b) Liens that are created or granted by Manager or arising out of Manager's decision to incur a Lien, failure to pay Business Expenses (as defined in the Interim Management Agreement and the UK Interim Management Agreement) after the IMA Date or Manager's other acts or omissions after the IMA Date, except (i) where such omission resulted from Manager's lack of authority under the Interim Management Agreement or UK Interim Management Agreement, (ii) where such act or omission resulted from any Seller's exercise of any right to control or direct the management of the Core Business (or any part thereof), other than where such Seller caused the Manager to perform the Services (as defined in the Interim Management Agreement and the UK Interim Management Agreement) or its other obligations under the Interim Management Agreement or the UK Interim Management Agreement or (iii) from any Seller's refusal to consent to Manager taking any action described in Section 3.3 of the Interim Management Agreement or the UK Interim Management Agreement;
- (c) respecting Owned Real Property and Leased Real Property situated in Canada, the reservations and conditions expressed in the original patent from the Crown;
- (d) Liens relating to Assumed Liabilities;
- (e) Liens for Taxes not yet due and payable;
- (f) Liens for public utilities not yet due and payable;
- (g) undetermined or inchoate Liens and charges incidental to current construction or current operations which have not been filed or registered according to applicable law against the Sellers (or a Newco or Acquired Entity), or any of them, or the Owned Real Property or other Purchased Assets, or of which notice in writing will not have been given to the Sellers (or a Newco or Acquired Entity) or any of them, or which relate to obligations neither due nor delinquent;
- (h) Liens, restrictions, easements, defects, irregularities of title, or rights of way that do not have a Material Adverse Effect;

- (i) municipal development and site plan agreements and other similar rights and agreements entered into in order to develop and use the Owned Real Property, and in respect of Owned Real Property in Canada, any rights reserved to or vested in any municipality, governmental or other public authority by statutory provision including, without limitation, the right to acquire portions of the property for road widening or interchange construction, and the right to complete or remedy improvements, landscaping or deficiencies in any pedestrian walkways or traffic control or monitoring, and any rights of expropriation, access or use, or any other similar rights conferred or reserved by or in any statute of Canada or of the province in which such property is situated;
- (j) governmental orders, laws, by-laws, codes and regulations respecting matters related to land use control which do not have a Material Adverse Effect;
- (k) encumbrances respecting any encroachments from the Owned Real Property over adjacent lands and permitted under agreements with the owners of such lands that do not have a Material Adverse Effect; and
- (l) indefeasible rights of use.

"Person" means an individual, corporation, partnership, limited liability company, association, trust or other entity or organization, including a Governmental Entity.

"Proceedings" has the meaning set forth in Section 4.4.7.

"Purchased Assets" means the following rights, properties and assets.

- (a) the Sellers' (or Newco's or an Acquired Entity's) right, title and interest in and to Owned Real Property;
- (b) the Owned Tangible Personal Property;
- (c) Sellers' (or a Newco's or Acquired Entity's) right, title and interest in and to Contracts (subject to Section 2.2 and Section 4.4.4);
- (d) the Current Assets of Sellers and the Newcos and Acquired Entities as of the Closing Date;
- (e) Sellers' (or a Newco's or Acquired Entity's) right, title and interest in and to (i) the Company Intellectual Property (together with all income, royalties, damages and payments due or payable to Sellers (or a Newco or Acquired Entity) at the Closing or thereafter (including damages and payments for past or future infringements or misappropriations thereof), (ii) the right to sue and recover for past infringements or misappropriations thereof, and (iii) all corresponding rights that, now or hereafter, may be secured throughout the world and all copies and tangible embodiments of any such Company Intellectual Property;

- (f) the Permits (to the extent assignable or transferable by Sellers to Newco or Buyer or its Affiliates);
- (g) original or electronic or hard copies of all material operating data and records of the Sellers (or a Newco or Acquired Entity) in existence as of the Closing Date, including books, records, correspondence, manuals, operating guidelines and practices, sales and promotional data, purchasing materials and records, personnel records of the Transferred Employees (and the UK Employees), accounting records, research and development files, advertising materials, customer lists, mailing lists, prospects lists, distribution lists, credit information, historical cost and pricing information, supplier lists, Core Business plans, reference catalogs, and other similar property, in each case relating to the Core Business (collectively, the *"Transferred Books and Records"*) (subject to Sellers' right to retain or obtain upon reasonable request from Buyer copies of such data and records and subject to Sellers' right to retain records pursuant to the Live Down Agreement);
- (h) all rights to causes of action, lawsuits, judgments, claims and demands of any nature available to or being pursued by the Sellers (or a Newco or Acquired Entity) with respect to the Core Business, the Purchased Assets or the ownership, use, function, value, or infringement of any Purchased Asset and claims against counterparties in connection with Contracts (other than Rejected Contracts) to which any Seller (or a Newco or Acquired Entity) was a signatory, in each case whether arising by way of counterclaim or otherwise;
- (i) all guarantees, warranties, indemnities and similar rights in favor of the Sellers (or a Newco or Acquired Entity) with respect to any Purchased Asset;
- (j) to the extent designated in writing to Sellers by Buyer on or prior to the date that is 30 days after IMA Date and subject to the rights of the participants therein and the beneficiaries thereof, all right, title and interest of Sellers in and to the Canadian Pension Plans;
- (k) to the extent transferable to Buyer, all of Sellers' right, title and interest in and to all autonomous systems numbers listed on Schedule 1.1R;
- (l) to the extent transferable to Buyer, all of Sellers' right, title and interest in and to all numbering, codes and naming resources used in the Core Business and public and private peering connections associations memberships on Schedule 1.1S; and
- (m) to the extent transferable to Buyer, all of the Sellers' rights, interests, and agreements with respect to all telephone numbers and codes used in the Core Business.

but excluding, in each and every case and notwithstanding anything to the contrary contained in this Agreement, the Excluded Assets.

"Radio Communications Licenses" means the radio communications licenses issued by Industry Canada and held by any Seller (or a Newco or Acquired Entity) which permit the operation of radio communications equipment in Canada, including but not limited to the licenses listed on Schedule 6.3(d).

"Reduction Amount" has the meaning set forth in Section 4.4.2(f).

"Rejected Contract" means any Contract rejected in writing pursuant to Section 4.4.4.

"Relevant Benefit" has the meaning set forth in Section 6.10.1(iv).

"Remittance Date" has the meaning set forth in Section 6.14.

"Reports/Fines" has the meaning set forth in Section 6.18.2.

"Retained Liabilities" means all liabilities and obligations of Sellers (whether fixed, contingent or unliquidated, absolute or otherwise, known or unknown, and whether relating to any tort, statutory or regulatory obligations, environmental claims, Taxes (except as otherwise provided in this Agreement), Contracts not assumed by Buyer, operations or otherwise), including, but not limited to, (i) those liabilities in respect of any pending or threatened action, suit, proceeding, pleading, investigation, charge, complaint, claim, demand, notice or violation or liability for forfeiture, revocation proceeding and/or cease and desist order and (ii) all liabilities that may arise from the actions taken by any Seller or any Affiliates thereof before, on or after the Closing with respect to the Transferred Employees (and the UK Employees), other than the Assumed Liabilities.

"Sale Approval Orders" has the meaning set forth in Section 8.4.4.1

"Sellers" means the Key Sellers and the Other Sellers

"Share Sale Agreement" means the Share Sale Agreement dated the date hereof entered into by TIUK, UK Newco, Teleglobe Inc., the UK Administrators and Buyer for the sale and purchase of the issued share capital of UK Newco.

"Special Warranty Deeds" has the meaning set forth in Section 5.2.2.

"Submarine Cable Landing License" means any license granted to any Seller (or a Newco or Acquired Entity) by Industry Canada or the United States Federal Communications Commission for the landing and operation of an international submarine cable system.

"subsidiary" means, with respect to any Person (the "parent") at any date, any corporation, limited liability company, partnership, association or other entity of which securities or other ownership interests representing more than 50% of the equity or more than 50% of the ordinary voting power or, in the case of a partnership, more than 50% of the general partnership

interests are, as of such date, owned, controlled or held by the parent or one or more subsidiaries of the parent or by the parent and one or more subsidiaries of the parent.

"Target Maximum Cure Amount" means \$67,154,943, which amount has been allocated to each Cure Contract as set forth in a letter agreement dated the date hereof between Buyer and Teleglobe and delivered simultaneously with the execution and delivery of this Agreement.

"Target Net Current Assets" means an amount equal to zero plus the Target Maximum Cure Amounts for Cure Contracts with respect to which, prior to the IMA Date, no settlement has been entered into as contemplated by Section 4.4.3.

"Tax Information" has the meaning set forth in Section 2.1.5.1.

"Tax Notice" has the meaning set forth in Section 8.11.7.

"Taxes" means taxes, levies, duties, assessments, reassessments and other charges of any nature whatsoever, whether direct or indirect, including but not limited to, income tax, profits tax, gross receipts tax, corporation tax, sales and use tax, wage tax, payroll tax, occupational tax, employer health tax, workers' compensation levy, capital tax, stamp duty, ad valorem, real and personal property tax, franchise tax, land transfer tax, license tax, school tax, customs or excise duty, excise tax, turnover or value added tax on goods sold or services rendered, withholding tax, social security and unemployment, insurance charges and retirement contributions and any interest, fines, additions to tax and penalties thereon payable to any federal, provincial, state, local or other government or governmental taxing agency, authority, board, bureau or commission, of Canada, the United States of America or any other country.

"Tax Returns" means all returns, reports, documents and other filings with respect to Taxes (including any amendments thereof and any attachments thereto).

"TCGA 1992" has the meaning set forth in Section 8.11.3.

"Telecommunications Act" means the Canadian *Telecommunications Act* SC 1993 c.38 (as amended).

"Telecommunications Operating Authorities" means the licenses or authorizations issued by the Canadian Radio-television and Telecommunications Commission, Industry Canada, the United States Federal Communications Commission, state public utilities commissions, the UK Department of Trade and Industry or similar Governmental Entities in the same, or other jurisdictions.

"Teleglobe" has the meaning set forth in the introductory paragraph hereof.

"Teleglobe USA" has the meaning set forth in the introductory paragraph hereof.

"THUK" has the meaning set forth in the definition of "Hive Down Agreement" in Section 1.1 hereof.

"TIUK" has the meaning set forth in the definition of "Hive Down Agreement" in Section 1.1 hereof.

"Transfer" has the meaning set forth in Recital H hereto.

"Transfer Taxes" has the meaning set forth in Section 13.4.

"Transferred Books and Records" has the meaning set forth in the definition of "Purchased Assets" in Section 1.1 hereof.

"Transferred Employees" has the meaning set forth in Section 8.8.2.

"Transfer Regulations" means the Transfer of Undertakings (Protection of Employment) Regulations 1981 (as amended).

"UK Administrators" means Michael David Rollings and Margaret Elizabeth Mills both of 1 Lambeth Palace Road, London SE1 7EU acting as joint administrators of Teleglobe Holdings (UK) Limited and Teleglobe International (UK) Limited as the UK Administrators, and their successors in office and any other administrator, liquidator or insolvency practitioner appointed in relation to the UK Sellers and/or their successors in title (or any such other persons serving as administrators from time to time).

"UK Court" has the meaning set forth in Recital F hereto.

"UK Employees" means those Employees employed by a Seller in the UK as listed in the Employee Letter other than those employees whose employment with a Seller terminates prior to the Closing Date.

"UK Fair Trading Act" means the Fair Trading Act 1973.

"UK Interim Management Agreement" means a management agreement, to be entered into on the date of this Agreement, under which the appointment of the Manager will become effective concurrently with the execution of the Interim Management Agreement, by and among TIUK, Teleglobe, UK Newco, the UK Administrators and Buyer in the form of Exhibit F-1, with modifications thereto as the parties thereto may agree.

"UK Newco" has the meaning set forth in Section 2.1.1.

"UK Purchased Assets" means all of the UK Sellers' legal and beneficial right, title and interest in, to and under the rights, properties and actions referred to in paragraphs (a) to (i) inclusive of the definition of "Purchased Assets."

"UK Sellers" means the Other Sellers organized under the laws of the UK.

"Unadjusted Purchase Price" means \$155,300,000.

"Union Employees" means employees of the Core Business whose terms of employment are governed by a Collective Agreement.

"US Bankruptcy Code" has the meaning set forth in Recital F hereto.

"US Bankruptcy Court" has the meaning set forth in Recital F hereto.

"US Bankruptcy Court Sale Approval Order" has the meaning set forth in Section 8.4.3.1.

"US Bankruptcy Proceedings" has the meaning set forth in Recital F hereto.

"US Company Plan" means each employee benefit plan within the meaning of Section 3(3) of ERISA and all other severance pay, vacation, salary continuation, incentive, stock option, retirement, profit sharing or deferred compensation plans, contracts, programs or arrangements maintained in the United States and all other similar employee benefit plans, programs, or arrangements maintained in the United States by any Seller or any subsidiary of any Seller or that are otherwise contributed to or required to be contributed to by any Seller or any subsidiary of any Seller (but not including any plans, programs or arrangements maintained outside of the United States) in the United States in respect of any present or former employees, directors, or officers of any Seller or any subsidiary of any Seller.

"US Debtor Sellers" has the meaning set forth in Recital F hereto.

"US Transaction Notice" has the meaning set forth in Section 8.4.1.

"WARN Act" means the United States *Worker Adjustment and Retraining Notification Act of 1988*, as amended, and the regulations promulgated thereunder.

"Withheld Amount" has the meaning set forth in Section 6.14.

ARTICLE II

PURCHASE AND SALE

2.1 Purchase and Sale. On the terms and subject to the conditions set forth in this Agreement, at the Closing the Key Sellers will Transfer to Buyer, and will cause the Other Sellers to Transfer to Buyer, and Buyer will purchase and accept from Key Sellers and the Other Sellers, the Purchased Assets (through the Transfer of the Newcos' Equity or, at the option of Buyer, the direct purchase of Purchased Assets or acquisition of Equity Interests in certain Sellers as described in Section 2.1.5), free and clear of all Liens, except Permitted Liens. The Purchased Assets being acquired by Buyer from Sellers will be acquired in the following manner:

2.1.1 Formation of Newcos. The Key Sellers will cause (a) the UK Sellers to form, prior to the IMA Date, a separate entity pursuant to the laws of the United Kingdom ("*UK Newco*") and (b) except as otherwise provided in Section 2.1.5, any Seller (other than the UK Sellers) to form a separate entity or entities (all such separate entities, collectively, including the

UK Newco, the "*Newco*") pursuant to the laws of the jurisdiction in which such Seller is organized or, with respect to any Canadian Debtor Seller organized under the laws of Canada or any province thereof, pursuant to the laws of Nova Scotia, if directed by Buyer (or pursuant to the laws of such other jurisdiction as Buyer shall elect provided that Buyer shall pay the Incremental Taxes and Incremental Costs, if any resulting from such election by Buyer), which will have organizational documents that will have been approved by Buyer prior to such formations, such approval not to be unreasonably withheld or delayed; provided, however that any Newco formed by a US Debtor Seller shall be a single member limited liability company that is not treated as a corporation for United States federal income tax purposes and any other Newco formed by any other Seller shall be organized as the type of entity directed by Buyer. Each Newco will issue to the applicable Seller all of its equity securities (all outstanding equity securities of the Newcos, collectively, the "*Newcos' Equity*"). Notwithstanding anything to the contrary in this Section 2.1.1 or Section 2.1.2, Buyer may instruct a particular Seller to form more than one Newco provided that Buyer shall pay the Incremental Taxes and Incremental Costs, if any, resulting from the formation and transfer of Purchased Assets to such additional Newcos.

2.1.2 Transfer of Purchased Assets. Immediately prior to the IMA Date, the Key Sellers will cause the Purchased Assets held by the UK Sellers to be Transferred to the UK Newco pursuant to the Hive Down Agreement; provided that the Contracts that constitute Purchased Assets of the UK Sellers will be Transferred to the UK Newco upon their designation as an Elected Contract (as defined in the Hive Down Agreement) in accordance with the provisions of the Hive Down Agreement and prior to their designation as an Elected Contract will be held by the UK Sellers on trust for UK Newco in accordance with the provisions of the Hive Down Agreement. With respect to the Purchased Assets held by each Seller other than the UK Sellers, except to the extent otherwise provided in Section 2.1.5 with respect to a particular Seller, immediately prior to the Closing, such Seller will Transfer pursuant to such agreements, instruments or other documentation in form and substance satisfactory to Buyer and Key Sellers the Purchased Assets it owns, as specified by Buyer, to the Newco formed by such Seller in exchange for all of the outstanding Equity Interests of such Newco and the assumption by such Newco of the applicable Assumed Liabilities. Such Seller will prevent the Newco formed by it from engaging in any business (other than the Core Business) or incurring any liabilities (other than the Assumed Liabilities). Each of the Key Sellers and Buyer agrees that the relevant transfer documents will reflect a transfer price for such Purchased Assets established by the relevant Seller in good faith in accordance with fair market value, subject always to the approval of Buyer, acting reasonably.

2.1.3 Transfer of Newcos' Equity to Buyer. If a Key Seller has formed or caused to be formed a Newco in accordance with Section 2.1.1 and the Transfer of the Purchased Assets described in Section 2.1.2 has occurred, then at the Closing, to effectuate the Transfer to Buyer of the relevant Purchased Assets, the Key Sellers will Transfer or cause to be Transferred to Buyer and/or one or more of its Affiliates the Newcos' Equity owned by any Seller. On or prior to the Closing Date, the Key Sellers will pay (or otherwise make appropriate provisions for paying) any and all Taxes (other than Incremental Taxes and other Taxes, if any, payable by Buyer pursuant to Section 2.1.1, Section 2.1.5.2 or Section 2.1.5.3) imposed on any Newco for any period (or portion thereof) that ends on or prior to the Closing, including any Taxes of any

Seller or any Newco (or any consolidated, combined or unitary group of which any Seller or any Newco is or has been a member) that may be imposed on any Newco as a result of the Transfer of Purchased Assets to such Newco in accordance with Section 2.1.2, other than in respect of value added tax which the Newco is or will be able to recover whether by way of credit or repayment (or would be able to recover whether by way of credit or repayment assuming that all relevant claims and returns were made), and the Key Sellers will indemnify and hold harmless Buyer and its Affiliates for any such Taxes (except to the extent Buyer is obligated to pay such Taxes under the Interim Management Agreement, the UK Interim Management Agreement or this Agreement).

2.1.4 Non-Exempt Canadian Telecommunications Facility. The Parties acknowledge that the Non-Exempt Canadian Telecommunications Facility, described in Schedule 2.1.4 cannot be licensed to any person other than a Canadian owned and controlled corporation as defined in the Telecommunications Act and regulations thereto and agree that, if Buyer is not such a Canadian owned and controlled corporation the Non-Exempt Canadian Telecommunications Facility shall be Transferred at Closing to a Canadian-owned and controlled corporation, as mutually agreed by the Parties, in order to permit the Buyer to operate the Core Business in compliance with applicable Laws. Alternatively, the Buyer may enter into arrangements with Canadian or Non-Canadian third parties, in order to satisfy itself that the telecommunications traffic of the Core Business relating to the Non-Exempt Canadian Telecommunications Facility can be exchanged in compliance with applicable Laws.

2.1.5 Alternatives to Newcos Notwithstanding any other provision hereof to the contrary, in accordance with the terms set forth in this Section 2.1.5, Buyer shall have the right to acquire some or all of the Purchased Assets directly from any Seller (other than a UK Seller), and the right to acquire all of the Equity Interests of any Seller identified on Schedule 2.1.5, in lieu of acquiring a Newco to which such Seller would have otherwise transferred its Purchased Assets as contemplated by Section 2.1.2.

2.1.5.1 If the Key Sellers do not provide assurances reasonably satisfactory to Buyer no later than 10 days after the IMA Date that (i) the tax basis of the Purchased Assets that would be transferred by a particular Seller (other than a Canadian Debtor Seller, a US Debtor Seller or UK Seller) to a Newco under Section 2.1.2 would not be materially less than the tax basis of such Purchased Assets had Buyer or its Affiliate acquired such Purchased Assets directly and (ii) no liability for the Taxes (other than Incremental Taxes and other Taxes, if any, payable by Buyer pursuant to Section 2.1.1, Section 2.1.5.2 or Section 2.1.5.3) of such Seller or its Affiliates (or any consolidated, combined or unitary group of which such Seller or any of its Affiliates is or has been a member) could be imposed on any Newco formed by such Seller as a result of the ownership of Newco by such Seller or the Transfer of Purchased Assets to such Newco in accordance with Section 2.1.2 (the "Tax Information"), then Buyer shall have the right to acquire some or all of the Purchased Assets directly from such Seller. Buyer shall notify Teleglobes in writing (the "Notice") not later than 30 days after the IMA Date that it is exercising such right. If the Notice provides that Buyer or one of its Affiliates is directly acquiring all of the Purchased Assets held by such Seller, then such Seller will not form a Newco as described in Section 2.1.1 and will not Transfer any of the

Purchased Assets owned by such Seller as described in Section 2.1.2. The rights of Buyer under this Section 2.1.5.1 shall be subject solely to the conditions set forth in Section 2.1.5.4.

2.1.5.2 Buyer shall have the right to acquire some or all of the Purchased Assets directly from a Seller (other than a UK Seller), subject to the conditions set forth in this Section 2.1.5.2. Buyer shall notify Teleglobe by delivering a Notice not later than 30 days after the IMA Date that it is exercising such right. If the Notice provides that Buyer or one of its Affiliates is directly acquiring all of the Purchased Assets held by such Seller, then such Seller will not form a Newco as described in Section 2.1.1 and will not Transfer any of the Purchased Assets owned by such Seller as described in Section 2.1.2. The rights of Buyer under this Section 2.1.5.2 shall be subject to the conditions set forth in Section 2.1.5.4 and the following additional conditions: (i) notwithstanding anything to the contrary contained in Section 13.4, Buyer shall pay any sales, transfer, goods and services, land transfer, stamp or similar Taxes imposed by any Governmental Entity, and all recording, filing, notarial or similar fees incurred in connection with the direct acquisition of Purchased Assets under this Section 2.1.5.2 to the extent such fees and Taxes exceed the amount that would have been payable had Buyer acquired such Purchased Assets through the Transfer of Newcos' Equity to Buyer in accordance with the provisions of Section 2.1.2 and Section 2.1.3 calculated on the assumption that such Seller had formed only one Newco in the appropriate jurisdiction; and (ii) the direct acquisition of Purchased Assets shall be permitted under this Section 2.1.5.2 only if it does not result in any material delay in or prevention of the receipt of any Consent required pursuant to Section 9.4.4, Section 10.2.4 or Section 10.3.8 of this Agreement or a material delay in the occurrence of the IMA Date or the Closing Date.

2.1.5.3 Buyer shall have the right to acquire all of the Equity Interests of any Seller identified on Schedule 2.1.5. Buyer shall notify Teleglobe by delivering a Notice not later than 30 days after the IMA Date that it is exercising such right. If the Notice provides that Buyer or one of its Affiliates is acquiring the Equity Interests of such Seller (each such Seller, an "Acquired Entity"), then such Seller will not form a Newco as described in Section 2.1.1 and will not Transfer any of the Purchased Assets owned by such Seller as described in Section 2.1.2. If Buyer exercises its right to acquire all of the Equity Interests of any Acquired Entity as provided in this Section 2.1.5.3, then on or prior to the Closing Date, the Key Sellers will pay (or otherwise make appropriate provisions for paying) any and all Taxes imposed on such Acquired Entity for any period (or portion thereof) that ends on or prior to the Closing Date, including any Taxes of any consolidated, combined or unitary group of which such Acquired Entity is or has been a member, and the Key Sellers will indemnify and hold harmless Buyer and its Affiliates for any such Taxes (except to the extent Buyer is obligated to pay such Taxes under the Interim Management Agreement, the UK Interim Management Agreement or this Agreement). The rights of Buyer under this Section 2.1.5.3 shall be subject to the conditions set forth in Section 2.1.5.4 and the following additional conditions: (i) the Parties will negotiate in good faith to release any Acquired Entity from any Retained Liabilities (provided that Buyer shall pay any costs associated therewith that are greater

than the costs Seller would have incurred had the Purchased Assets rather than the Equity Interests of the Acquired Entity been transferred; (ii) the Parties will attempt in good faith to cause (A) all intercompany obligations owed to the Acquired Entity by any Seller or any subsidiary of a Seller to be released and (B) all intercompany obligations of any Acquired Entity to any Seller or any direct or indirect subsidiary of any Seller to be released (which term shall include for purposes of this Section 2.1.5.3, cancellation), as directed by Buyer or if owed by an Acquired Entity to a Seller or its subsidiary, transferred to Buyer and, if such obligations are released, then Buyer shall pay the incremental Taxes, if any, due and payable on the release or transfer of such obligations in connection with the transactions contemplated by this Agreement as compared with the payment of such obligations otherwise in the ordinary course; and (iii) notwithstanding anything to the contrary contained in Section 13.4, Buyer shall pay any sales, transfer, goods and services, land transfer, stamp or similar Taxes imposed by any Governmental Entity, and all recording, filing, notarial or similar fees incurred in connection with the Transfer of the Equity Interests of the Acquired Entity under this Section 2.1.5.3 to the extent such fees and Taxes exceed the amount that would have been payable had Buyer acquired the Purchased Assets held by such Acquired Entity through the Transfer of Newco's Equity to Buyer in accordance with the provisions of Section 2.1.2 and Section 2.1.3 calculated on the assumption that such Seller had formed only one Newco in the appropriate jurisdiction.

2.1.5.4 Any direct acquisition of Purchased Assets under this Section 2.1.5 (or any acquisition of the Equity Interests of an Acquired Entity) will not be deemed to result in a breach of any representation, warranty or covenant of any Seller under this Agreement or any document, instrument or agreement contemplated hereby that would not have occurred had the acquisition occurred in accordance with the provisions of Section 2.1.2 and Section 2.1.3.

2.2 Nonassignable Contracts

2.2.1 Nonassignability: To the extent that any Contract to be Transferred pursuant to the terms of Section 2.1 is not capable of being Transferred to Buyer or Newco, as the case may be, without the Consent of a third Person, or if such Transfer or attempted Transfer would, or if the subsequent Transfer or attempted Transfer of the applicable Newco's Equity would, constitute a breach thereof or a violation of any Law, nothing in this Agreement or in any document, agreement or instrument delivered pursuant to this Agreement will constitute a Transfer or an attempted Transfer thereof prior to the time at which all Consents necessary for such Transfer will have been obtained unless a Bankruptcy Court Order effects such assignment without Consent.

2.2.2 Alternative Arrangements if Consents Not Obtained: To the extent that the Consents referred to in Section 2.1 are not obtained by the Closing with respect to any such Contracts to be Transferred, the Key Sellers will, and will cause the Other Sellers to, from and after the Closing and until such Consents are obtained, use commercially reasonable efforts during the term of the affected Contract to (i) provide to Buyer, its Affiliate or the applicable Newco the benefits under any Contract referred to in Section 2.1, (ii) cooperate in any

reasonable and lawful arrangement (including holding such Contracts in trust for the Buyer, its Affiliate or Newco pending receipt of the required consent) designed to provide such benefits to the Buyer, its Affiliate or the applicable Newcos, and (iii) enforce for the account of the Buyer, its Affiliate or the applicable Newcos, any rights of the applicable Sellers under the affected Contract (including the right to elect to terminate such Contract in accordance with the terms thereof upon the direction of Buyer). Buyer will, and will cause its Affiliates, the applicable Newcos and Acquired Entities to, cooperate with the Sellers in order to enable the Sellers to provide to Buyer, the Acquired Entities and Buyer's Affiliates that purchase any Newcos' Equity, Purchased Assets or Equity Interests of Acquired Entities hereunder the benefits contemplated by this Section 2.2.2. Buyer will pay any amount it would have been required to pay under any such Contract had the Contract been assigned (after obtaining the requisite Consent) to Buyer, an Affiliate of Buyer or a Newco at the Closing, and the Key Sellers will reimburse Buyer for any incremental cost incurred by Buyer as a result of any Consent not having been obtained prior to the Closing.

2.2.3 Obligation of Buyer to Perform. From and after the Closing, Buyer will, and Buyer will cause the Newcos, the Acquired Entities and Buyer's Affiliates that purchase any Newcos' Equity, Purchased Assets or Equity Interests of Acquired Entities hereunder to, perform the obligations of Sellers, Newcos and the Acquired Entities under the Contracts included in the Purchased Assets and to perform the Assumed Liabilities (it being understood, however, that nothing in this Agreement shall prevent Buyer, the Newcos or Acquired Entities at any time from asserting any defenses they may have with respect to such obligations).

2.2.4 Offsets. The Core Business, Purchased Assets and the Assumed Liabilities shall be acquired by Buyer and its Affiliates free and clear of any right of offset of BCE or any of its Affiliates (other than any rights of Key Sellers under this Agreement) relating to the Excluded Assets or Retained Liabilities, and Key Sellers shall indemnify, defend and hold Buyer harmless therefrom to the extent any such right of offset is asserted by BCE or its Affiliates (other than any Key Seller or any subsidiary thereof).

2.2.5 Compliance. The Key Sellers shall cause the UK Sellers, the UK Administrators and UK Newco to comply with the Hive Down Agreement, the Share Sale Agreement, the UK Interim Management Agreement, the Debenture and the Deed of Release.

ARTICLE III

ASSUMPTION OF LIABILITIES

3.1 Retained Liabilities. Sellers will retain, and neither Buyer, any of its designated Affiliates nor any Newcos will assume or be responsible or liable for, the Retained Liabilities and the Key Sellers shall indemnify, defend and hold harmless Buyer, its Affiliates and each Newco from, all Retained Liabilities.

3.2 Assumed Liabilities. On the terms and subject to the conditions hereof, as of the Closing, Buyer will, and will cause the Newcos, Acquired Entities and Buyer's Affiliates that purchase any Newcos' Equity, Purchased Assets or Equity Interests of Acquired Entities hereunder to, assume and to agree to pay, perform and discharge all of the Assumed Liabilities.

Buyer shall indemnify, defend and hold harmless the UK Administrators from any personal liability which they may incur in respect of any, and the Sellers from all, Assumed Liabilities

3.3 Buyer Guaranty. Buyer hereby irrevocably, absolutely and unconditionally guarantees for the benefit of the Sellers the payment when due and performance of all Assumed Liabilities assumed by any Affiliate of Buyer (including, after the Closing, any Newco or Acquired Entity) pursuant to this Agreement.

3.4 HK Assets. If Buyer does not exercise its right to acquire all the Equity Interests of the HK Seller pursuant to Section 2.1.5, then, where Buyer will acquire some or all of the Purchased Assets directly from the HK Seller, HK Seller and Buyer will, or alternatively, where the Purchased Assets are Transferred by HK Seller to a Newco, HK Seller and the relevant Newco will, jointly give the notice of transfer for the purposes of and in accordance with the HK IBO, such notice to be in the forms set out in Schedule 3.4 and shall be given without prejudice to the rights and obligations of the HK Seller and Buyer under this Agreement

ARTICLE IV

PURCHASE PRICE

4.1 Purchase Price. In consideration of the Transfer of the Purchased Assets (whether indirectly through the Transfer of Newcos' Equity or Equity Interests in an Acquired Entity to Buyer or an Affiliate of Buyer or directly through the Transfer of the Purchased Assets to Buyer or an Affiliate of Buyer), Buyer will pay to the Key Sellers the Final Purchase Price.

4.2 Deposit. Upon execution of this Agreement, Buyer will pay an amount equal to \$7,765,000 (the "Deposit") via wire transfer of immediately available funds to an escrow account held by the Escrow Agent, in accordance with the Escrow Agreement. The Deposit will be subject to the terms and provisions of the Escrow Agreement. Pursuant to the Escrow Agreement, at the Closing the Deposit will be delivered to Teleglobe, for the benefit of the Key Sellers, and applied to payment of the Final Purchase Price. If this Agreement is terminated prior to the occurrence of the Closing, the Key Sellers will become entitled to the Deposit, and the Deposit will be delivered to Teleglobe, for the benefit of the Key Sellers, in accordance with the terms of the Escrow Agreement; provided, however, that, notwithstanding the foregoing, the Deposit will be refunded to Buyer upon termination of this Agreement by the Key Sellers pursuant to Section 11.1.2(a), (c) or (d) or by Buyer pursuant to Sections 11.1.3(a), (b), (c), (d), (e) or (f).

4.3 TMA Delivery. Upon execution of the Interim Management Agreement and the effectiveness of the appointment of the Manager pursuant to the UK Interim Management Agreement on the date contemplated by Section 8.5 (such date, the "TMA Date"), Buyer will deliver to the Key Sellers a copy of the Interim Management Agreement duly executed by the Manager, the Key Sellers will deliver to Buyer a copy of the Interim Management Agreement duly executed by all of the Companies (as defined therein) party thereto.

4.4 Purchase Price Calculation

4.4.1 Closing Statement. No later than 45 days after the later of (i) the IMA Date and (ii) the date that is the later of the Bar Date for claims under the CCAA Proceedings and the Bar Date for claims under the US Bankruptcy Proceedings, Buyer will prepare and deliver to the Key Sellers (a) a Bring Down Financial Statement as of the IMA Date (the ***IMA Date Financial Statement***) and (b) a statement setting forth Buyer's calculation of Net Current Assets and Adjusted Net Current Assets as of the IMA Date (the ***Closing Statement***). The Key Sellers will have 45 calendar days following the Key Sellers' receipt of the IMA Date Financial Statement and the Closing Statement to review the IMA Date Financial Statement and the Closing Statement. During such 45 day period (the ***Dispute Notice Period***), Telelobe may deliver a notice (a ***Dispute Notice***) to Buyer in the event that the Key Sellers determine in good faith that the IMA Date Financial Statement or the Closing Statement was not prepared in accordance with this Agreement and, as a result, the Closing Statement misstates the Net Current Assets and Adjusted Net Current Assets. If Telelobe fails to deliver a Dispute Notice within the Dispute Notice Period, the Key Sellers will be deemed to have irrevocably waived their right to deliver a Dispute Notice. Any Dispute Notice must specify in reasonable detail those items or amounts as to which the Key Sellers disagree and the basis for their disagreement. The Key Sellers will be deemed to have agreed with all other items and amounts contained in the IMA Date Financial Statement and the Closing Statement to which no objection has been made. If Telelobe delivers a Dispute Notice within the Dispute Notice Period, the Key Sellers and Buyer will negotiate in good faith to agree upon the Net Current Assets and Adjusted Net Current Assets and, as a result, the adjustment to the Final Purchase Price described in **Section 4.4.2 (a) and (b)**. If the Key Sellers and Buyer fail to agree to such matters within 30 calendar days (the ***Negotiation Period***) after the Dispute Notice is delivered to Buyer, matters described in the Dispute Notice will be resolved by submission to KPMG LLP or, if it is unable or unwilling to serve, another independent accounting firm of national recognition reasonably acceptable to Telelobe and Buyer (the ***Accountants***) for determination of Net Current Assets and Adjusted Net Current Assets as of the IMA Date. If items in dispute are submitted to the Accountants for resolution, (x) each party will furnish to the Accountants such work papers and other documents and information relating to the disputed issues as the Accountants may request and are available to that party (or its independent public accountants), and will be afforded the opportunity to present to the Accountants any material relating to the determination and to discuss the determination with the Accountants; (y) the determination by the Accountants, as set forth in a notice delivered to the Key Sellers and Buyer by the Accountants will be binding and conclusive on the Key Sellers and Buyer; and (z) the fees of the Accountants for such determination shall be allocated by the Accountant between Telelobe and Buyer as the Accountant may deem equitable based on the results of the claims and defenses. At the Closing, Buyer will deposit into escrow with the Escrow Agent an amount equal to the disputed portion of the adjustment to the Final Purchase Price. If any such disputed portion is held in escrow and not paid at the Closing, Buyer and the Key Sellers will cause the Escrow Agent to promptly, and in any event within three Business Days, following the date on which the Key Sellers and Buyer agree on the amount of the adjustment to the Final Purchase Price, or the date on which the determination of the Accountants, becomes final and binding, as the case may be, release to Buyer or Telelobe, as applicable, the portion of such adjustment that is deemed to be the property of Buyer or Sellers, respectively.

4.4.2 Adjustment. The Final Purchase Price (the "*Final Purchase Price*") will be equal to the Unadjusted Purchase Price:

- (a) increased by the amount, if any, equal to the excess of Adjusted Net Current Assets as of the IMA Date over the Target Net Current Assets;
- (b) decreased by the amount, if any, of the excess of Target Net Current Assets over Adjusted Net Current Assets as of the IMA Date;
- (c) increased by 50% of the Cure Savings;
- (d) increased by one half of any amounts paid (directly or through set-off in a consensual settlement agreement between Sellers and unaffiliated third parties) by Sellers after the date hereof and prior to the IMA Date in order to satisfy any Cure Costs (through settlement or rejection) prior to the IMA Date with the consent of Buyer (not to be unreasonably withheld);
- (e) increased by the amount of any postpetition Current Liabilities incurred after the IMA Date (including the UK Sellers, except to the extent the UK Sellers are indemnified pursuant to the *ILive Down Agreement*) with respect to a Rejected Contract that was listed on the Contract Schedules, and which were incurred up to and including the date of such rejection; provided, that no adjustment shall be made under this clause (e) in respect of any such Contract to the extent Buyer paid such Current Liabilities as Business Expenses (as defined in the *Interim Management Agreement* and the *UK Interim Management Agreement*);
- (f) decreased by an amount equal to the Management Fees paid or payable pursuant to the *Interim Management Agreement* and the *UK Interim Management Agreement* (the "*Reduction Amount*"); and
- (g) decreased by the aggregate amount of severance benefits that would have been payable to any employees of the Sellers listed in Exhibit B of the Employee Letter that are not payable because such employees are hired by Buyer, provided, however, that such decrease will be made only to the extent that Sellers are not required to pay such severance benefits and Buyer's offer to hire any such employee is not effective until the scheduled date of termination of such employee by the applicable Seller.

Illustrative examples of the calculation of the Final Purchase Price are attached as Exhibit 4.4.2.

4.4.3 Cure Settlement.

4.4.3.1 Sellers, prior to the IMA Date with the consent of Buyer (not to be unreasonably withheld), and Buyer, from and after the IMA Date, may enter into agreements to settle any liability for Cure Costs with respect to any Cure Contract for less

than the Target Maximum Cure Amount allocated to such Cure Contract in the Cure Letter. Any such settlement agreement shall become a Contract, a Purchased Asset and, in the case of settlement agreements entered into prior to the IMA Date, to the extent included in Current Liabilities, an Assumed Liability. Sellers and Buyer shall (i) reasonably cooperate with each other in arranging and entering into such settlements and (ii) use their best efforts to keep confidential the allocation of the Target Maximum Cure Amount among the Cure Contracts.

4.4.3.2 Cure Savings Settlement Procedure. No less than 20 Business Days nor more than 25 Business Days prior to the Closing Date, Buyer will prepare and deliver to the Key Sellers a statement setting forth the Buyer's calculation of Cure Savings achieved after the date hereof and prior to that date (the "*Cure Savings Statement*"). The Key Sellers will have 10 Business Days following the delivery thereof to review the Cure Savings Statement. During such 10-Business Day period (the "*Cure Savings Notice Period*"), Teleglobe may deliver a notice (a "*Cure Savings Dispute Notice*") to the Buyer in the event that Teleglobe determines in good faith that the Cure Savings Statement was not prepared in accordance with this Agreement and, as a result, the Cure Savings Statement misstates the Cure Savings achieved prior to the date of the Cure Savings Statement. If Teleglobe fails to deliver a Cure Savings Dispute Notice within the Cure Savings Notice Period, the Key Sellers will be deemed to have irrevocably waived their right to deliver a Cure Savings Dispute Notice. Any Cure Savings Dispute Notice must specify in reasonable detail those Cure Savings amounts as to which the Key Sellers disagree and the basis for their disagreement. The Key Sellers will be deemed to have agreed with all other items and amounts contained in the Cure Savings Statements to which no objection has been made. If Teleglobe delivers a Cure Savings Dispute Notice within the Cure Savings Notice Period, the Key Sellers and Buyer will negotiate in good faith to agree upon the Cure Savings achieved prior to the date of the Cure Savings Statement and, as a result, the adjustment to the Final Purchase Price described in Section 4.4.2(c) (subject to adjustment pursuant to a substantially similar settlement procedure as this Section 4.4.3.2 with the Buyer delivering a proposed statement of adjustments through the Closing Date no later than 30 days after the Closing for Cure Savings achieved on or after the date of the Cure Savings Statement). If the Key Sellers and Buyer fail to agree to such matters within 5 Business Days (the "*Cure Savings Negotiation Period*") after the Cure Savings Dispute Notice is delivered to Buyer, the Cure Savings Dispute Notice will be resolved by submission to the Accountants in order to determine the amount of the Cure Savings (subject to adjustment for Cure Savings achieved on or after the date of the Cure Savings Statement). If items in dispute are submitted to the Accountants for resolution, (x) each party will furnish to the Accountants such work papers and other documents and information relating to the disputed Cure Savings as the Accountants may request and are available to that party (or its independent public accountants), and will be afforded the opportunity to present to the Accountants any material relating to the determination and to discuss the determination with the Accountants; (y) the determination by the Accountants, as set forth in a notice delivered to the Key Sellers and Buyer by the Accountants will be binding and conclusive on the Key Sellers and Buyer; and (z) the fees of the Accountants for such determination shall be allocated by the Accountant between Teleglobe and Buyer as the Accountant

may deem equitable based on the results of the claims and defenses. At the Closing or upon delivery by Teleglobe of a Cure Savings Dispute Notice with respect to the statement of adjustments referred to in the seventh sentence of this Section 4.4.3.2, Buyer shall deposit into escrow an amount equal to 50% of the disputed portion of the Cure Savings. If any Cure Savings amount is held in escrow because it is subject to dispute pursuant to this Section 4.4.3.2, Escrow Agent shall promptly, and in any event within three Business Days, following the date on which the Key Sellers and Buyer agree to the amount of the Cure Savings or the date on which the determination of the Accountants under this Section 4.4.3.2, as applicable, becomes final and binding, as the case may be, release to Buyer or Teleglobe, as applicable, the portions of such Cure Savings that is deemed to be the property of Buyer or Sellers, respectively.

4.4.4 Rejected Contracts. The Purchased Assets, Assumed Liabilities and Contracts shall exclude each Contract that Buyer designates as, or that is deemed to be, a Rejected Contract pursuant to this Section 4.4.4. Within 60 days after the IMA Date, Buyer may designate any Material Contract to be a Rejected Contract and an Excluded Asset and within 90 days after the IMA Date, Buyer may designate any other Contract to be a Rejected Contract and an Excluded Asset (each such Material Contract or other Contract, a "Rejected Contract") to the extent that the relevant Seller can reject such Material Contract or other Contract pursuant to the Insolvency Proceedings (except in the case of any UK Seller where no such limitation shall apply). To effectuate the rejection of a Contract pursuant to the foregoing, Buyer may deliver a list of Contracts that will constitute the Contracts to be Purchased Assets assumed pursuant to this Agreement, and all other Contracts will be deemed rejected and each such Contract will be deemed to have been designated by Buyer as a Rejected Contract. From time to time Teleglobe may deliver to Buyer a list of Contracts (other than the Contracts listed on the Contract Schedules, except where such Contract is the subject of a motion by a counterparty to compel assumption or rejection of such Contract) with a request that Buyer determine whether to designate such Contract as a Rejected Contract. Within 10 Business Days (or, if such request is made prior to the IMA Date, 20 Business Days) of receipt of such notice, Buyer will notify Teleglobe whether it will designate such Contract as a Rejected Contract. If Buyer does not so notify Teleglobe, such Contract will be deemed to have been designated by Buyer as a Rejected Contract pursuant to this Section 4.4.4. Notwithstanding anything to the contrary contained herein, no representation or warranty (including that contained in Section 6.8) or covenant shall be deemed to be breached as a result of Buyer's designation of any Contract as a Rejected Contract.

The liabilities in connection with any Rejected Contracts will be Retained Liabilities, except to the extent such liability relates to the period when the Interim Management Agreement and the UK Interim Management Agreement is in effect and is payable as a Business Expense (as defined in the Interim Management Agreement or the UK Interim Management Agreement, as the case may be) or is included in Net Current Assets as of the IMA Date.

Any Seller may reject on or prior to the date that is 60 days after the IMA Date, with the consent of Buyer (such consent not to be unreasonably withheld, taking into account liabilities of the Sellers other than those relating to the Core Business that would be avoided as a result of such rejection) any Contract for the lease of any circuit that is listed on Part B of Schedule 1.1E

and any such Contract will be deemed to be a Rejected Contract so long as Sellers concurrently replace such Contract with a new Contract freely assignable to Buyer and its Affiliates (including any Newco) for substantially equivalent capacity on terms and conditions (including as to quality) acceptable to Buyer in its reasonable discretion.

To the extent that any Contract is rejected by any Seller or by Buyer with the consent of Telciglobe (such consent not to be unreasonably withheld) pursuant to this Section 4.4.4, any incremental cost (determined reasonably by Buyer and Telciglobe based on a net present value calculation using an 8% per annum discount rate) that results from the replacement of such Rejected Contract with a new Contract for the same goods or services (or the portion of the goods and services covered by the Rejected Contract that relate to the Core Business, as the case may be) will be deducted from Cure Savings; provided, however, that in no event will such deduction cause the Cure Savings for such Rejected Contract to be less than zero.

4.4.5 Purchase Price Allocation. The Final Purchase Price, as adjusted pursuant to Section 4.4.2, represents the amount agreed upon by the Parties to be the aggregate consideration for the Purchased Assets. On or prior to the Closing Date, Buyer and Sellers will act in good faith to attempt to agree to the allocation of the Final Purchase Price (and the Assumed Liabilities to the extent required or permitted under applicable Tax law) on an entity-by-entity basis among the Purchased Assets (in accordance with the fair market values of the respective Purchased Assets), which shall be prepared in a manner consistent with the requirements of Section 1060 of the Code (if applicable) and the similar provisions, if any, of applicable non-U.S., state, provincial and local Tax law. If Buyer and Sellers are unable to agree to an allocation in accordance with the previous sentence, then Buyer and Sellers shall each take their own reasonable positions with respect to such allocation. Solely for purposes of this Section 4.4.5, the term "Purchased Assets" shall include the Newcos' Equity and Equity Interests of Acquired Entities, where appropriate.

4.4.6 Access. Following the IMA Date, Buyer and the Sellers will afford each other and any of their respective representatives reasonable access, during normal business hours and upon reasonable notice, to the Purchased Assets and their respective books, records and personnel for purposes of preparing and reviewing the Closing Statement, the Cure Savings Statement and in resolving any issues that give rise to a Disputed Amount. Sellers will cooperate with Buyer and provide all information reasonably requested by Buyer with respect to the Canadian Pension Plans in order to permit Buyer to determine whether or not to elect to designate such Plan as a Purchased Asset pursuant to subsection (j) of the definition of Purchased Assets.

4.4.7 HKTBO Claim Escrow. If either: (a) the Hong Kong Notice Date will occur after the Closing Date; or (b) the Hong Kong Notice Date would occur on or before the Closing Date but for the institution of any proceedings as described in Section 4(5) and 4(6) of the HKTBO on or before the date that is one month after the date on which the notice of transfer was given pursuant to Section 3.4 (the "Proceedings") such that the notice of transfer would be deemed incomplete for purposes of the HKTBO and such Proceedings do not relate to the Assumed Liabilities and shall not have been finally determined at Closing with any liability thereunder being paid or otherwise discharged by the Sellers, then forthwith at the Closing,

Buyer will deposit an amount equal to the Maximum HK Asset Value in the Escrow Account to be held until all claims are paid and discharged by Sellers pursuant to the Proceedings.

ARTICLE V

CLOSING

5.1 The Closing Unless this Agreement has been terminated and the transactions contemplated under this Agreement have been abandoned pursuant to Article XI and subject to the fulfillment or, if permitted, waiver of the conditions set forth in Article X, the Closing will take place at the offices of Teleglobe's legal counsel in New York or Toronto (as agreed between Teleglobe and Buyer), at 9:00 a.m. local time on the fourth Business Day following the fulfillment or, if permissible, waiver of the conditions set forth in Article X (other than those conditions set forth in Article X that are to be fulfilled at the Closing) unless another place, date or time is agreed to in writing by the Parties (the date of the Closing being referred to herein as the "Closing Date"). The Closing will be effective as of 12:01 a.m. local time on the Closing Date. The amount of the Management Fees and the Reduction Amount will be determined on a pre-income tax basis and, subject to Section 8.11.7, such amount will not be reduced for any income taxes.

5.2 Closing Deliveries

5.2.1 Escrow Agent Deliveries. At the Closing, the Escrow Agent will deliver to Key Sellers in accordance with the terms of the Escrow Agreement the Deposit via wire transfer to Teleglobe, for the benefit of the Key Sellers, of immediately available funds to an account designated by Teleglobe.

5.2.2 Seller Deliveries. At the Closing the Key Sellers will deliver to Buyer (or the Affiliates designated by it) (a) with respect to any Seller with respect to which no request to form a Newco pursuant to Section 2.1.1 or request to purchase the Equity Interests thereof pursuant to Section 2.1.5 has been made (i) bills of sale, dated the Closing Date, in substantially the form attached hereto as Exhibit H (or, in the case of the Other Sellers, other transfer documents in standard form reasonably acceptable to Buyer) ("Bills of Sale"), duly executed by the applicable Sellers, through which the Purchased Assets (other than the Contracts and the Owned Real Property) held by those Sellers (other than Purchased Assets held by the UK Newco) are Transferred to Buyer and/or one or more of its Affiliates; (ii) Assignment and Assumption Agreements in the form of Exhibit I hereto (or, in the case of the Other Sellers, other transfer documents in standard form reasonably acceptable to Buyer ("Assignment and Assumption Agreements"), dated the Closing Date and duly executed by the applicable Sellers (other than the UK Sellers), through which the Contracts that have not been elected to be Rejected Contracts held by such Sellers (other than Contracts to which the UK Newco is the only Affiliate of Teleglobe party thereto) are assigned to, and the Assumed Liabilities are assumed by, Buyer and/or one or more of its Affiliates; provided that, with respect to 10 or fewer Material Contracts (in addition to the Bell Canada Contracts, the obtaining of consents or a court order with respect thereto is governed by Section 9.4.4) governed by Canadian federal or provincial law designated by Buyer no more than 60 days after the IMA Date (the "Specified Canadian Contracts"), Key Sellers will use their reasonable best efforts to obtain any consent required by